

## Message Text

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PAGE 01 STATE 137063  
ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 AID-05 TRSE-00 COME-00  
/028 R

XMB

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XMB: RICHARD D. CRAFTON  
EB/IFD/ODF:TPARKER  
DESIRED DISTRIBUTION  
AID - MICHAEL DI LEGGE  
-----018349 311111Z/12  
R 310100Z MAY 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MANAGUA

LIMITED OFFICIAL USE STATE 137063

E.O. 11652: N/A

AGS:ECON, BEXP, ENRG

SUBJECT: FINANCING FOR ENGINEERING AND DESIGN STUDIES FOR  
EL BRITO HYDROELECTRIC PROJECT.

REF: MANAGUA 02200

1. EXIMBANK LEGISLATION SPECIFIES THAT EXIM IS NOT REPEAT  
NOT TO COMPETE WITH COMMERCIAL BANKS. THIS HAS BEEN INTER-  
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PRETED TO MEAN THAT ENGINEERING AND DESIGN STUDIES INVOLV-  
ING THE AMOUNTS INDICATED IN MANAGUA 02200 WOULD BE APPRO-  
PRIATE FOR PRIVATE BANKS OR SUPPLIER FINANCING. THEREFORE  
ENGINEERING AND/OR DESIGN STUDIES ARE NOT CONSIDERED  
ELIGIBLE FOR EXIMBANK'S DIRECT CREDIT PROGRAM.

2. IF A COMMERCIAL BANK OR U.S. SUPPLIER DESIRE A GUARANTEE  
OR INSURANCE TO COVER A PART OF THE RISK SUCH A BANK OR  
SUPPLIER MAY MAKE A REQUEST THROUGH EXIM'S BANK GUARANTEE

PROGRAM OR THRU THE FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA). AT THE TIME THE COMMERCIAL BANK OR SUPPLIER MAKES SUCH A REQUEST EXIMBANK WILL REVIEW ALL THE RELEVANT FINANCIAL DATA AND IN LIGHT OF THESE DATA AND COUNTRY CONDITIONS AT THAT TIME WILL MAKE A DECISION AS TO WHETHER TO PROVIDE COVER OR NOT.

3. EVEN IF EXIMBANK PROVIDES COVER FOR PART OF THE RISK UNDER OUR GUARANTEE OR INSURANCE PROGRAMS FOR THE STUDIES, IT SHOULD BE EMPHASITICALLY POINTED OUT TO VICE MINISTER RENER THAT THIS DOES NOT REPEAT NOT IMPLY ANY EXIMBANK SUPPORT FOR THE PROJECT ITSELF. INDEED WHAT LITTLE EXIMBANK NOW KNOWS ABOUT THE PROJECT SUGGESTS THAT IT MAY BE OVERLY AMBITIOUS, PROHIBITIVELY EXPENSIVE, ECOLOGICALLY QUESTIONABLE, AND WOULD REQUIRE THE STRONG SUPPORT OF THE GOVERNMENT OF COSTA RICA SINCE ITS BORDER AND TERRITORY WOULD ALSO BE AFFECTED, PERHAPS ADVERSELY. IN SHORT EXIMBANK HAS SERIOUS RESERVATIONS ABOUT THE PHYSICAL, FINANCIAL AND POLITICAL VIABILITY OF THE PROJECT AND IS ADDITIONALLY TROUBLED BY THE IDEA THAT SUCH A LARGE PROJECT IS BEING CONTEMPLATED BY A GOVERNMENT WHOSE FINANCIAL RESOURCES ARE ALREADY UNDER SEVERE STRAIN AND HAS SUCH A HIGH LEVEL OF EXTERNAL DEBT. VANCE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** HYDROELECTRIC POWER PLANTS, PROGRAMS (PROJECTS), MARKET OPPORTUNITIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 may 1978  
**Decapton Date:** 01 jan 1960  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE137063  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** P.J. GOSNELL/NCG  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780227-0163  
**Format:** TEL  
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**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** ef944698-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 MANAGUA 2200  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2604599  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FINANCING FOR ENGINEERING AND DESIGN STUDIES FOR EL BRITO HYDROELECTRIC PROJECT.  
**TAGS:** ECON, BEXP, ENRG, NU, XMB  
**To:** MANAGUA  
**Type:** TE  
**vdkgvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/ef944698-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014